

## **CFA® SAMPLE QUESTION – LEVEL I** Fixed Income

**Q:** A bond with a 7.3% yield has a duration of 6.2 and is trading at \$977.00.

If the yield decrease to 6.9%, the new bond price is closet to:

## **CORRECT ANSWER:**

**(c)** 1,001.23

Bond yield change: 6.9% - 7.3% = -0.4%

The new price is therefore: 1.0248\* 977 = \$1,001.23

The percentage price change, based on duration is equal to  $-6.2 \times (-0.4\%) = 2.48\%$ 



INTERMEDIATE

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